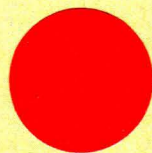


UNIVERSITY OF HAWAII
COOPERATIVE EXTENSION SERVICE
HOME ECONOMICS CIRCULAR 353



TAKE A LOOK AT BUYING



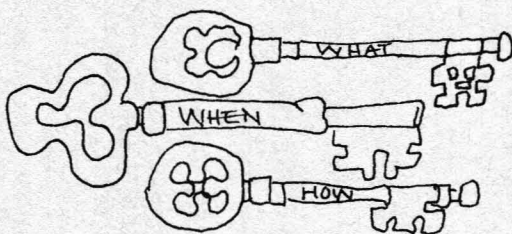
TAKE A LOOK AT BUYING

Vera Y. Reid

Specialist in Home Management
and Home Furnishings

Your level of living is the way you and your family live. It may not necessarily be the way you want to live. The decisions you make every day to buy this or that determine your way of life. These decisions may bring you closer to your ambitions, your plans for your future, and the things which you and your family feel are really most worthwhile.

Few of us have incomes large enough to cover all our desires. The power of choice is present with both large and small incomes. It has been said that if you want a thing badly enough, you will sacrifice other things for it. Every family should think through their own philosophy of living and ambitions for the future, and then develop a plan of control over spending so they can make progress towards their goals and ambitions.



KEYS TO SKILLFUL BUYING

Skillful shopping can add a bonus to your income—perhaps even several hundred dollars a year. Knowing what, when, and how to buy is a key to making dollars bring greater living satisfactions.

Weigh Your Needs

What do you want? Every family has many wants. For example, you may want a vacation, carpeting, a new piece of furniture, a new car, or college for the children. Wants are many and dollars are few, so wise shopping begins with weighing your needs and wants. Each family must choose for itself. It will be helpful to keep these points in mind:

- Use family preferences and goals as guides in choosing among wants.
- Make your choices at home, rather than in a store because they are more likely to bring satisfaction.

Make A Plan

A workable plan reduces stress over money. It lets you know what you can safely spend so you don't have to wonder if the money spent today will prevent you from doing something worthwhile tomorrow.

The things you buy have many characteristics. Some are important to you, others are not. Ask yourself such questions as: What do we expect from the product or service? How are we going to use it? How long or how many times will we use it? Rate the characteristics in order of importance to you. Then select the features that are most important to you and compromise when necessary on other points.

It is easy to see the value of planning for expensive purchases, but it may be just as important to plan for small things you buy often. Make a shopping list. Keeping note pads in handy places will help you to jot down things you need as you think of them. Organize your shopping list according to the location of the stores and the location of things in the stores. Use aids. Carrying a list of sizes and fabric samples will help you match colors when buying home furnishings.

Count Your Costs

Get the most for your money. There are money costs and time and energy costs. Divide the original cost by the number of units in the package or the number of years you expect the article to last. Consider the time spent in shopping, the built-in services of a product. Some services may be valuable aids; others are largely for show. Irregulars, seconds, or demonstration models may be good buys. You can expect to pay for extras, and don't forget upkeep costs.

Watch The Market

Know values in merchandise so you can detect a real sale and be able to make proper substitution. Get your information from a variety of sources—bulletins, magazines, news articles, advertisements, service and repair men, dealers, and friends who own a similar article. It is not easy to know which articles have the features you want. With so many new items on the market, you have to hunt new facts to help you decide on a wise buy.

To know which types of retailer serve you best, you must consider such things as qualities and varieties offered, prices, selling methods, special services, individual attention, and location. Many considerations are involved in evaluating retailers. Here are two examples.

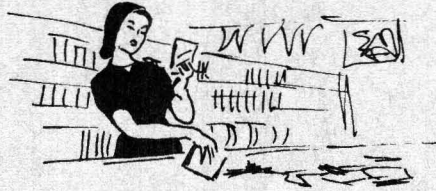
Discount houses offer savings on national brands, but check these points:

- Be sure you are comparing identical quality, models, or sizes.
- Check the quoted "list" prices; they may be inflated.
- Learn the store's policy on returns, warranties, and servicing.

Many door-to-door salesmen are reliable, some are not. Deal cautiously with them. Before you buy:

..... Check prices and qualities with other retailers.

..... When dependability is unknown, check with your city officials, Better Business Bureau, or Chamber of Commerce.



Shop And Compare

Shopping around is one way to locate the kind and quality of things you want to buy. Also, by shopping, you will discover new items or features which will meet your needs better than those you had in mind. Shopping may yield money savings on all types of goods, especially on more expensive things, such as home furnishings.

An informed shopper examines labels carefully. Look for clues on performance or comfort, use and care, or weights and measures. Labels may tell you the quality and quantity best suited to your family needs. Remember to buy the product, not the package.

Keep Informed

Read and understand the exact terms of a contract. Verbal contracts are not binding. Read the guarantee before you buy. The guarantee is your legal protection against poor workmanship and materials. Know the laws that protect you.

Buy, Don't Be Sold

Don't buy just to keep up with the neighbors. Whether to buy or not to buy, what to buy first, what to add later, are questions your family must decide for itself. Consider your needs, wants, and

resources. Your best buys in goods and services are those that meet your needs at the prices (and these are not necessarily the cheapest prices) that you can afford to pay.

We all wish our money would buy more, but wishing doesn't make it so. Only a plan can help you make your dollars do what you want them to do. Skillful shopping helps you locate goods you want to buy and select the best type, quality, amount, and price for you. You become a better buyer when you begin to plan ahead, insisting on quality, getting competitive prices, and using sound financing.

If you have plenty of money, perhaps you can afford to spend more money and use less time planning and getting information. But if you want more than your income provides, you will find it pays to plan your spending and develop skillful buying practices. Most people like to get their money's worth.

Curb Impulse Buying

A large manufacturing company has made a 19-year survey of supermarket shoppers. Over 5,000 shoppers in 250 supermarkets were asked what they planned to buy. The findings were:

1. Only 3 out of 10 purchases are firmly decided before the shoppers get to the store. The other 7 purchases are the results of vague planning or spur-of-the-moment decisions.
2. Almost one-half of the purchases are completely on impulse.
3. Two out of three shoppers *never* prepare even a partial list.

Each time a similar survey was taken, the rate of impulse buying rose.

Many a good budget is wrecked when husband or wife gives way to impulse buying. Indecision and lack of facts cause one to be swayed by emotions. It has been said that impulse manages everything badly.

It is no accident that you buy differently from the way you plan. All the psychology that manufacturers, advertisers, and merchandisers know is used to encourage the impulse reaction. Color, design, package, convenience features are carefully studied for sales appeal. It's a fact that people tend to put luxury and ease before

self-denial and thrift. Something that flatters personal ego urges the impulse to buy without regard for ability to pay. We are sub-consciously influenced to buy with slogans that become more familiar than the name of the product.

How can we curb this budget wrecker? Follow the "keys to skillful buying" and these suggestions:

1. Let mother shop for food. Studies show that women do less impulse buying at grocery shopping than men do.
2. Leave the children home. It takes a strong will not to give in to their pleas for items which they have seen in advertising.
3. Ask yourself such questions as "Where will I store it?," "When will I use it?"
4. Make it a rule to "sleep on" a major purchase. The offer should be just as good the next day.
5. Be aware of your emotional state when you shop. When you are feeling low, you are more subject to persuasion. Low periods may follow a crisis or a period of stress.
6. Don't shop when you are too tired or in a hurry.
7. Include in your budget the amount that can be used "just for fun," or on impulse buying, if you cannot control impulse buying.

ADVERTISING

Advertising has two functions—to inform and to persuade. Information on which you can base a sound decision makes advertising useful to a consumer. Reliable, factual advertising helps us build up a fund of knowledge about goods.

Advertising takes many forms—brand names, labels, magazine articles, pictures, and descriptions in magazines, in newspapers, on television, in radio commercials, and in window displays. You depend on advertising to let you know what is available, where, and at what price. You depend on it as a basis for judging quality in relation to price.

From the seller's point of view, the aim of advertising is to seek out customers and persuade them to buy. The seller tries to create a favorable impression so that you will want to buy his

product, in fact, to buy his product rather than that of his competitors. The competition among producers and sellers who advertise makes it possible for you to buy at prices that are lower than if no competition existed.

No one advertisement will give all the information needed about a product. National advertisement calls attention to the product, who makes it, what it is for, and perhaps something about what it ought to cost. Local newspaper advertising more often tells where the product can be found, when it will be on sale, and how much it costs. Radio and television advertising is usually reminder-advertising of a repetitious nature. Window displays, coupons, and premiums encourage buying and tell of product availability.

Study The Advertising

You will find it easier to get information from advertising if you keep in mind the specific facts you wish to learn.

1. Look for facts about style, color, size, weight, shape, and quantity rather than indefinite statements of quality.
2. Look for facts about consumption, depreciation, repair costs, and price rather than a vague claim of economy.
3. Look for facts about uses for which the article is designed rather than uses in general.

Try to decide what the intent of the advertisement might be. Analyze each statement to see how much you can depend on it. Selling is the advertiser's job. He can do it by the facts he gives. These facts are carefully selected and likely designed to impress, more than inform. The illustrations used and the associations built up in the reader's or audience's mind are equally well chosen. The advertiser often can create the desired impression more easily by implication than by direct statement.

To persuade, advertisers must first get the attention of the prospective customer. Once they have it, they can play on emotions, on the hopes and fears of people. Hopes for enjoyment, social approval (especially of the opposite sex), health, and protection of loved ones, are targets for the advertiser. Likewise, fear of accident or pain and fear of social failure or of financial failure are played upon.

Pleasant or unpleasant associations are made in the minds of prospective customers by word, picture, color, or other ways. Getting your money's worth or more is promised in statements that imply quality, value, and economy.

An important ingredient in persuasive advertisement is something to make you act now. It is strongly suggested that a delay will mean some kind of loss or being subjected to those worries their product or service could prevent.

As a buyer, you can discount superlatives and be on guard against "puffing." "Puffing" has legal standing. The courts have ruled that truth in advertising means it can contain no openly false statements. Exaggeration is not falsehood.

Comparative prices are widely used by both reliable and not so reliable sellers. Honest comparative prices are fine. However, be suspicious of ads which say "price, \$30.00—worth \$40.00." The words "price" and "worth" may tell you nothing. The words most abused in comparative prices are: "selling elsewhere for," "should sell for," "certified value," "list price," "one-half," "below cost." All these imply bargains but tell nothing. You can usually count on ads that say "our regular price," "our former price" or "our usual price" along with a sale price.

Some advertisers put out bait for the unaware customer. Bait advertising is the practice of offering at a spectacularly low price a product or service the seller is determined not to sell if he can avoid it. It is designed to get the buyer on the hook, so a more costly item can be sold. The Federal Trade Commission says you can be certain an ad is a bait if:

1. The product is offered at a startlingly low price.
2. The salesman is reluctant to show the advertised product.
3. The salesman belittles the advertised item and tries to sell you a more expensive one.
4. The salesman tells you he has only a floor sample and new stock at that price will be available only after a delay.
5. The salesman tells you the item was sold out in a very short time and you should look at something better.

Such advertising takes advantage of the human inclination to want a bargain.

Use Advertising Wisely

1. Take advertising for what it is worth—as an aid to good buying but not as the whole story.
2. Develop immunity to appeals that are not to your best interest.
3. Learn to read for information. Get behind the attention getters.
4. Help improve future advertising. When you respond to an ad, you vote for another one like it.



PLAN FOR PAYMENT

When and how you will pay the bill is a real part of the plan for any purchase. The method of payment varies with individuals and item bought. Any one or all of the following plans for payment may be used by a family:

1. Cash at time of purchase.
2. Check at time of purchase.
3. Regular 30-day charge account.
4. Revolving charge account.
5. Monthly installment plan arranged with the dealer.
6. Personal loans to make cash payments.

The best payment method depends on the type of purchase, the availability of money, your attitude toward use of credit. Others “pay as you go” by check. Checks provide a form of receipt or payment record.

Delayed payment by use of credit may be made. Reasons for using credit include convenience, having the use of the product or service while it is being paid for. Where credit is used as the method

of payment, it must be controlled. It can easily lead to overbuying. Credit can be controlled by:

1. Using it only when the need justifies it.
 2. Making as large a down payment as possible.
 3. Making payments over the shortest possible period of time.
 4. Choosing the type of credit best suited to your needs.
- Shop for credit as you shop for other goods.

WHAT IS A CONTRACT?

Your signature is a personal thing, so completely under your control that no one else can have it unless you give it away. Given wisely, your signature can add greatly to your well being. But when given carelessly, it can cause distress and greater loss than if you let a thief get at your possessions. Signed written agreements are used because when they are clear, fair, and understood, they serve to lessen misunderstandings.

It is unfortunate that many persons sign contracts without reading them or without first possessing a complete knowledge of their terms. A good slogan to remember is *read before you sign and keep a copy*. If you do not understand certain terms, or the fine print in a contract, do not sign until you find out what they mean. The reasons are obvious. Your signature to a contract means that you have agreed to all its terms and provisions.

A "contract" is a meeting of the minds of persons in agreement to do certain things. It is, in general, an agreement in which two or more parties bind themselves to do or not to do some act, and each acquires a right to what the other promises.

You may not think you have much to protect, but you can give away your past, present, and future with a scribble of the pen. Your signature is your ticket to security or trouble, depending on what you sign or what you refuse to sign.

Do's And Don'ts In Contracts

DO'S

1. Ask your lawyer to check over any important contract before you sign it.
2. Remember that when you buy something on time you usually sign *two* contracts—one to purchase the item and one to borrow the money to pay for it, plus interest, taxes, insurance, etc. Even if the item purchased is not good and you give it back to the dealer, you usually still owe the full amount you signed for, LESS whatever the dealer gets out of the resale, and this is not as much as you probably still owe.

DON'TS

1. Don't sign a contract which a salesman offers to "hold" until you make up your mind. Chances are he will complete it before you are out of sight.
2. Don't sign your name to anything you have not read carefully and completely.
3. Don't sign anything which you do not understand fully.
4. Don't sign a contract which seems to be different from what the salesman told you. In case of doubt, have the salesman write out what he promises, sign it, and give it to you as part of the agreement. If he won't do this, RUN to the nearest exit.
5. Don't let a smooth salesman "switch contract" on you so you read one and sign another. If he takes the contract away for an OK after you have read it, read it again when he brings it back to *be sure it is the same one*. Watch for different reading on carbons and for "short sheets" where you read one short page and actually sign a longer one hidden beneath it.
6. Don't sign for anything until you are sure you really want and need it and can afford it. If you are apt to be transferred to another place, consider how hard it will be to sell or move an item before you buy it.

Questions On Contracts

1. Is a written contract always identified by a heading and the word "contract"?

No, and it is not necessary for a written contract or agreement to be so labeled in order to be binding. For example, contracts can be an exchange of letters or they can be evidenced by receipts, sales slip guarantees, applications, payment of money, or questionnaires.

2. Are you entitled to a copy of any contract which you sign?
No, as a matter of legal right but morally, yes, and most reputable concerns will give you a copy.
3. If one signs a contract without reading it, is it ordinarily binding?

Yes. Your signature on a contract indicates that you have read it and that you understand the terms and the conditions.

4. If a person signs a written contract, can he later claim that there were other provisions or promises agreed to but not written in the contract which should be enforced?

In most cases, no. The reason for this is that the parties are presumed to have written everything down that was agreed upon.

5. Is a person who cannot read bound by a written agreement?
Yes, provided it can be proved that the contract terms were accurately understood by that person.
6. Is a contract binding when signed with your initials only or with an abbreviation of your name?

Yes. Even a symbol or mark for your signature is sufficient provided it can be proven that the contract was so signed by you with the intent that such initial or symbol should stand as a signature.

7. Is a contract ordinarily binding when it is signed in blank and facts are inserted later?

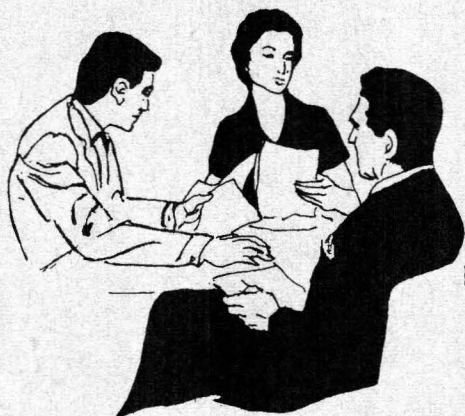
If the facts agreed to by you are inserted, the contract is binding. If incorrect facts or facts not agreed to are inserted, you will not be held liable, if you can convince the judge that this is the case, which is often a difficult thing to do. Why take chances? Have the contract complete before you sign.

8. If you sign a contract simply to get rid of a persistent salesman, is it binding?

Yes, the written contract is evidence of your understanding, and the fact that you signed to get rid of the salesman is no legal excuse for breaking your agreement and promise.

9. Is it possible to change a contract after it has once been signed?

This is possible only when your proposed changes are mutually agreed upon by all the contracting parties. The agreement may then be altered or a new contract made. Otherwise, once a contract is signed, you alone have no right to make changes in it.



What To Look For In A Contract

Now, go back to the contract and check these points:

1. Are there any blank spaces that have not been filled in except for special information such as serial numbers? See that everything is filled in before you sign.
2. What is the cash price of the merchandise? It should be told in the contract. If not, be sure you know what it is.
3. What is your down payment? That should be noted in the contract, and so should any trade-in allowance.
4. What is the unpaid balance? This figure—the difference between the cash price and the down payment—should be listed so you can see exactly what is owed before the addition of any further charges.

5. What financing charges are added? These should be itemized—what each one is and how much. They may include interest, flat carrying or finance charges, insurance, investigation fees, recording fees, etc. Ask, if you do not understand the charges listed.
6. What is the total amount owed? It should be stated in a single sum before broken down into installments. Compare it with the unpaid balance of the cash price. The difference is the sum of the extras. These “extras” might be enough so that you would rather wait and pay cash or borrow money at another place and pay cash for the goods.
7. How many installments are to be paid? What is the amount of each? Where and when are they to be paid? These are the main parts of what you are promising to do, so get them straight. A lack of clear information in the contract on any of the points is grounds for suspicion.
8. Does it contain an advance assignment of wages or permission to garnishee wages? That’s a danger signal. There is no need for such a clause.
9. Does the contract include waivers of your legal rights? This may take the form of a promise not to contest any repossession or resale, permission for the dealer to enter your home at any time, and many other stipulations denying your rights. The fact is that such provisions are often written in for “scare” purposes. The merchant may have no idea what his contract really contains. Such provisions need not lead you to reject a contract, but they should definitely be linked to your judgment of the reputation of the dealer. A questionable store and a harsh contract should make you back off and shop some more.
10. Whom do you owe? Your storekeeper may carry your debt or he may sell your contract to a sales finance company. Don’t be surprised to find yourself owing not the store but a finance company. If this is so, you should shop for credit yourself. If the installment contract is with someone else other than the merchant, make sure the merchant supplies any warranties or guarantees, which should be forthcoming. You cannot withhold payments to a finance company because of faulty service. You can send a letter of complaint

instead of payment due and suggest that someone get after the merchant, but, if you carry things much further than that, you had better be prepared to rally some help.

A contract, important as it is, is not the real foundation of your deal with the merchant. There probably isn't a contract written that could not be abused by someone, either merchant or customer. Despite all the hedging, an installment purchase is based on the fact that the merchant thinks he can trust you and you think you can trust the merchant. Remember that the first consideration in installment buying is this: whether or not to buy on credit at all. That is up to you. But once you have decided, the rules are simple:

Read The Contract.
Know Your Merchant.
Shop Carefully For Credit.

REFERENCES

1. *Facts You Should Know About Your Legal Problems*. Better Business Bureau, Educational Division, New York, New York, 1966.
2. *Family Success Book*. The Kiplinger Magazine, Washington, D.C., 1960.
3. *It's Your Money*. Educational Services Division, National Consumer Finance Association, Washington, D.C., 1966.
4. Margolius, Sidney. *How to Make the Most of Your Money*. Appleton Century, New York, New York, 1966.
5. Milton, Arthur. *How to Get a Dollar's Value for a Dollar Spent*. The Citadel Press, New York, New York, 1966.
6. Neal, Charles. *Sense with Dollars*. Doubleday & Company, Inc., Garden City, New York, 1965.
7. *Sharpen Your Shopping Skills*. Circular 594, Cooperative Extension Service, University of Kentucky, Lexington, Kentucky, 1964.
8. Wasmuth, Gladys. *Family Business Affairs*. Agricultural Extension Service, West Virginia University, Morgantown, West Virginia, 1966.
9. *When You Buy*. Circular 246, Agricultural Extension Service, University of Florida, Gainesville, Florida, 1963.

Cooperative Extension Work in Agriculture and Home Economics
College of Tropical Agriculture
University of Hawaii, Honolulu, Hawaii 96822
United States Department of Agriculture Cooperating
C. Pears Wilson, Director, Hawaii Cooperative Extension Service
Distributed in Furtherance of the Acts of Congress of May 8 and June 30, 1914

Home Economics Circular 353—December 1967